

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 3169 - SB 3135**

February 22, 2010

**SUMMARY OF BILL:** Establishes an offset procedure for the state to recover various debts owed to the state from individuals or entities entitled to tax refunds or tax credits. Requires the Department of Finance and Administration (F&A) to establish a centralized electronic database system of all state debts owed to every state department or agency. Requires the Comptroller of the Treasury to conduct a performance audit on implementation of this act and report, on or before January 15, 2013, any findings and recommendations to the Finance, Ways and Means Committees and the Government Operations Committees of the House and Senate. Requires the inmate asset disclosure form be sent to all prison inmates and be periodically resubmitted. Requires the Attorney General and Reporter to provide a report to F&A documenting the name of any inmate and any amount a court has ordered to be reimbursed to the state by an inmate.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue – Exceeds \$100,000/Recurring**  
**Increase State Expenditures – \$166,000/One-Time**  
**\$280,000/Recurring**

**Assumptions:**

- Based on information received from F&A and the Department of Revenue (DOR), there will be a one-time increase to state expenditures for establishing a centralized electronic database within the Edison system that properly interfaces with the various agency systems. The one-time increase to state expenditures for system modifications is estimated to be \$150,000.
- According to DOR, there are approximately 26,000 potential accounts that will need to be processed each year to determine if taxpayers owe debts to the state that could be offset against tax refunds or tax credits. Given the volume of accounts that will require processing, the Department will need three additional positions to handle auditing and processing responsibilities. The recurring increase to state expenditures for these three positions is estimated to be \$200,000 per year (\$120,000 salaries, \$60,000 benefits, \$20,000 other). An additional one-time increase to state expenditures for computers and software is estimated to be \$12,000.

- Based on information provided by F&A, the Department will require one additional position to administer the offset process. The recurring increase to state expenditures for this position is estimated to be \$80,000 per year (\$50,000 salary, \$20,000 benefits, \$10,000 other). An additional one-time increase to state expenditures for a computer and software estimated to be \$4,000.
- Based on information provided by the Comptroller, any increase to state expenditures for conducting the performance audit would be considered not significant since they periodically perform these audits under current law.
- Any increase of expenditures for the Attorney General to provide information to F&A is considered not significant.
- Based on information provided by DOR, the increase to state revenue as a result of collecting additional various state debts is estimated to exceed \$100,000 per year.

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/rnc